

September 23, 1974

MEMORANDUM

SUBJECT: Subcommittee/Study Group on Intelligence and Covert Action

An outline of proposed activity for the Intelligence Subcommittee, as expanded into a Study Group, is set forth as follows:

1. The Key Substantive Issues

The basic issues for consideration by the Subcommittee/Study Group presented in Enclosure A.

2. Relevant Material Available to the Subcommittee/Study Group

- (a) Major Institutional Report: A letter (12 pages) from DCI Colby to Chairman Murphy outlining formal procedures and organization throughout the intelligence community.
- (b) Major Institutional Hearings (19-20 November 1973): Testimony of DCI Colby; Ray Cline and William Porter from the State Department; and Dr. Hall and Admiral de Poix from the Defense Department. (Summaries of 7-9 pages are available for each one.) The CIA and State testimony is more thoughtful and less rigid than the Defense testimony, but few organizational and procedural changes are recommended by any of them.
- (c) Research Program Case Studies: Some important intelligence matters, including especially an examination of the usefulness of intelligence support in a variety of specific foreign policy situations, will be addressed in the case studies of the Commission's Research Plan.
- (d) Analytical Studies: A set of intelligence analytical issue papers is being prepared under the direction of Dr. William Harris. The papers, between 25 and 75 pages, will be a critically important contribution to the Subcommittee/Study Group deliberations.

State Dept. review completed. Referral to NSC not required.

Approved For Release 2004/04/19 : CIA-RDP80M01133A001000050009-4
 Subj: Subcommittee/Study Group on Intelligence and Covert Action

They will be available in late October and will cover the following topics:

1. An overview of intelligence functions;
2. Intelligence and policy-making in the institutional context;
3. Innovation in intelligence production;
4. The authority for foreign intelligence;
5. Intelligence resource management; and
6. Covert action.

- (e) An All-Source Study: An all-source study project is being mounted by J. J. Hitchcock, under the direction of Kent Crane, to analyze past studies and reports on the intelligence community. This limited-access report, of between 30 and 50 pages, will be available in late October.
- (f) Recommended Reading: Enclosure B is a short bibliography of particularly useful books and articles.

3. Suggested Plan of Subcommittee/Study Group Action

A total of perhaps five or six 2-day meetings spread over a period of four months will probably be required to review the materials and prepare findings and recommendations:

- (a) A meeting in conjunction with the October Commission meeting to review the key substantive issues in Enclosure A and the outlines for the Analytical Studies (2d above) and "All Source Study" (2e above).
- (b) Second and third meetings in November primarily to discuss with the authors the papers developed in the "Analytical Studies" (2d above) and the "All Source Study" (2e above).
- (c) Fourth and fifth meetings in December and early January for the preparation of findings and recommendations.
- (d) A final meeting in January to discuss and revise as necessary a Subcommittee/Study Group report to the Commission.

ENCLOSURE A

The Key Substantive Issues

a. General

What is the proper function performed by intelligence in support of the conduct of foreign policy?

b. Intelligence Analysis

- (1) How can the relationship between the producers and consumers of finished intelligence be improved?
- (2) In the process of analysis to produce finished intelligence, what are the roles best played by the State Department (INR), the Defense Intelligence Agency, and the various analytical offices in the CIA?
- (3) What should be the system for producing National Intelligence Estimates?
- (4) What new forecasting and scoring techniques should be applied to intelligence analysis?

c. Collection of Information for Foreign Policy Support

- (1) What is the best organization for the collection of raw information of use to the foreign policy community - either directly or in support of intelligence analysis? What is the best procedure for setting priorities, allocating missions, and controlling collectors overseas?
- (2) What are the strengths and weaknesses of collection by Foreign Service Officers, CIA Stations, military attaches, and technical sensors?
- (3) How can intelligence resources be of greater assistance in new fields and in support of new potential customers?
- (4) What are the best mechanisms for providing feedback to the collectors and analysts?

D. The Role of the DCI

- (1) What is the most desirable relationship of the

Approved For Release 2004/04/19 : CIA-RDP80M01133A001000050009-4

Director of Central Intelligence to the President and National Security Council? What should be the extent of his authority over the full range of intelligence programs, military as well as civilian?

- (2) What changes, if any, are called for in the statutory base and general authorities for foreign intelligence?

e. Resource Management

- (1) Since the overwhelming share of the combined intelligence budget is expended by DoD agencies, with practical constraints upon intervention by the DCI or his Intelligence Community Staff, what are the implications for the reorganization of DoD intelligence management?
- (2) If there are systematic misallocations of resources, what organizational or legislative reforms are advisable?

f. Covert Action

- (1) What are the pros and cons of maintaining a capability for covert action, and what criteria ought to govern its use?
- (2) Where should the responsibility for covert action be lodged, and under what controls should it operate?

g. Congressional Oversight

What kind of Congressional oversight should be applied to intelligence activities and to covert political action?(NOTE: THIS SUBJECT WILL BE REVISED IN THE FIRST INSTANCE IN SUBCOMMITTEE I AS A FUNCTION OF THE LARGER SUBJECT OF CONGRESSIONAL EXECUTIVE RELATIONS.)

Recommended Reading

- (a) The Intelligence Establishment, by Harry Howe Ransom, Cambridge, 1970. The most thorough and best balanced treatment of the intelligence community by any academic (254 pages).
- (b) The U.S. Intelligence Community, by Lyman Kirkpatrick, Jr., New York, 1973. The view from the inside by one of the old timers in the intelligence business. A somewhat shallow, but quite reliable, survey (191 pages).
- (c) The CIA and the Cult of Intelligence, Marchetti and Marks, 1974. A comprehensive and current discussion of the issues, albeit highly one-sided and biased. The authors admit the utility of intelligence analysis in principle but come out strongly against covert operations (337 pages).
- (d) "The CIA and Decision Making" article by Chester Cooper in Foreign Affairs, 1972. A provocative paper on the problems of estimating and the relationship between intelligence and policy-makers (13 pages).
- (e) "Intelligence and Foreign Policy, Dilemmas of a Democracy," article by William Barnds in Foreign Affairs, January 1969. A wide-ranging paper on intelligence activities, covert action, and public attitudes (17 pages).
- (f) "Intelligence and Covert Operations: Changing Doctrine and Practice," unpublished article by Paul Blackstock based on a questionnaire circulated among former intelligence officials. It raises many of the basic issues and offers a multitude of differing opinions (126 pages).

INTELLIGENCE STUDY GROUP

Approved For Release 2004/04/19 : CIA-RDP80M01133A001000050009-4
Possible Membership

Criteria:

- Knowledgeable about intelligence, foreign policy, and/or Government decision making and policy formulation.
- An informed, balanced judgment.
- A wide range of background and experience.

Suggested Members

- [REDACTED] - President of ITEK Corporation; formerly CIA; formerly Chairman The Nixon Task Force on intelligence.
- Barry Carter - Washington Attorney; young (Robert McNamara's son-in-law); formerly NSC staff and DOD/ISA.
- Edmund Gullion - Dean, Flecher School of Law and Diplomacy (Tufts); former Ambassador.
- Jonathan Moore - Assistant Professor, Harvard (Kennedy School); formerly Special Assistant to Elliot Richardson in State Department and DOD.
- [REDACTED] - Retired former Assistant Director (National Estimates) CIA.
- Harding Bancroft - Executive Vice-President, New York Times; formerly State Department official and ILO General Counsel.

Alternates:

- Ray Cline - Director of Studies, Center of Strategic and International Studies; formerly State Department Director of Intelligence; formerly Assistant Director, CIA.
- [REDACTED] - Retired former CIA official (Clandestine Services).
- [REDACTED] - Editor, New Republic; formerly CIA official (Clandestine Services).

- Paul Warnke - Washington Attorney; formerly Assistant Secretary of Defense (ISA).
- Walter Slocombe - Washington Attorney; formerly NSC staff and DOD; young.
- William Watts - President, Potomac Associates (private research on public affairs); formerly CIA; formerly Foreign Service Officer; formerly NSC staff (Assistant to Kissinger).
- Ben Welles - formerly Washington Correspondent, New York Times; Knowledgeable and responsible newspaper man.
- Klaus Knorr - Princeton Professor of Strategic Studies.
- - Former CIA official (both Clandestine Services and Board of National Estimates).
- Harry Howe Ransom - Professor Vanderbilt University; Author of "The Intelligence Establishment".
- Larry Lynn - Brookings Institution; formerly NSC staff (young).
- George McGhee - Former Ambassador; former Under Secretary of State.

25X1

July 19, 1974

SUBJECT: Study Plan - Intelligence and Covert Action

1. The Problem.

- (a) What organizational and procedural steps should be taken to improve intelligence support for the conduct of foreign affairs, and what level of effort is required to provide adequate support?
- (b) Should the U.S. have a capability for covert political action; if so, where should the responsibility be lodged and under what controls should it operate?

Some important intelligence matters, including especially an examination of the usefulness of intelligence support in a variety of foreign policy situations, will be addressed in the case studies of the Commission's Research Plan. But many aspects of the organization and procedures of the intelligence community also deserve separate and reasonably comprehensive study. The agencies are large, costly, and important to the conduct of foreign policy. Furthermore, there is disagreement about the roles they should play in the post-cold war era. Some of the issues involved have not been thoroughly examined by previous commissions.

The problem of intelligence generally breaks down into the following components:

- (a) The Role of Intelligence. What is the proper function performed by intelligence in support of the conduct of foreign policy; what should it do and what should it not do? Involved here is an analysis of the manner in which intelligence can give support to a wide variety of customers. It also calls for a review of misunderstandings and different perspectives that distort the relationship between intelligence users and intelligence producers and collectors.
- (b) The Activities Appropriate to that Role.
 - 1. In the process of analysis to produce "finished" intelligence, what are the roles best played by the State Department (INR),

DIA, other Agencies, and the various analytical offices in CIA. What should be the system for producing National Intelligence Estimates?

2. What is the best organization for the collection of raw information in support of intelligence analysis and of policymakers who set priorities, allocate missions, and control collectors overseas; how much collection is related to foreign policy as opposed to other purposes; what are the strengths and weaknesses of collection by Foreign Service Officers, CIA stations, military attaches, and technical sensors; what is the procedure of disseminating raw data; what are the mechanisms for insuring feedback to the collectors?
- (c) The Role of the Director of Central Intelligence. What is the most desirable relationship of the DCI to the President and the National Security Council; what should be the extent of his authority over the full range of intelligence programs, military as well as civilian.

In addition to the foregoing aspects of the intelligence function, the problem of covert political action, including its sensitive relationship to clandestine intelligence collection, must be closely examined.

The Commission's exploration of the problems of intelligence and of covert action in relation to the Organization of the Government for the Conduct of Foreign Policy is made particularly difficult by (a) the size and complexity of the intelligence community, (b) the intricacy of the relationship between the several components of the intelligence effort and policymaking, but particularly (c) the highly classified nature of the intelligence function and materials. For these reasons, a special and quite different study plan must be developed.

2. Study Plan.

A Study Group composed of two or three Commission members and a number of experts knowledgeable about intelligence matters, drawn from several different quarters, will prepare conclusions and recommendations for the Commission's review. The group will be equipped to deal with classified information.

The Study Group will base its work on the findings of the case studies underway as part of the Commission's Research Program and on special preparatory materials developed by two complementary sets of studies.

The plan of study, therefore, falls into two stages:

STAGE I - Preparation of papers for the review of the Intelligence Study Group, as follows:

- (a) Analytical Issue Papers: Studies focused on specific issues, and problems prepared by informed observers from outside the intelligence community in accordance with the outline attached (TAB A). The research consultant supervisor is William R. Harris of Santa Monica, California. To the extent possible, this group of analytical issue papers will be unclassified although classified data will need to be reviewed in their preparation, including interviews with intelligence and policymaking officials.
- (b) A special "All Source Study," focused principally on findings and resulting changes of previous reports of the intelligence community. The "All Source Study" will be undertaken by the Intelligence Project Director, Kent Crane, with the assistance of a staff officer in accordance with the attached outline (TAB B). It is understood that this study must be handled in a special, limited access manner that would insure absolute protection of not only the security classification of the material but also agency views and plans which are understandably highly sensitive quite apart from classification.

The Deputy Director will assure that there is no duplication of interviews of agency personnel or requests for documentation on the part of those making the two sets of studies.

STAGE II - Intelligence Study Group to review the foregoing papers in conjunction with the findings of Research Program case studies, and to make recommendations on appropriate organization and procedures for intelligence support of the

conduct of foreign policy. The Study Group may require a number of meetings at spaced intervals over two or three months period. Under the overall direction of the Executive Director, the Intelligence Project Director will coordinate the staff support for the Study Group, and collate the data for the Commission.

Approved For Release 2004/04/19 : CIA-RDP80M01133A001000050009-4

Paper #1, INTELLIGENCE FUNCTIONSAuthor: William J. BarndsCommentator #1: (to be determined, background
in intelligence production)Commentator #2: (to be determined, background
in policy uses of intelligence)Purpose: This paper would have two purposes:

(a) To define alternative, normative concepts of intelligence functions, and to link alternative conceptions of management responsibilities and functions. This paper would review the misunderstandings and different perspectives that distort the relationship between intelligence users and producers. In defining the proper function of intelligence, the author would stress the limits of the intelligence mission.

(b) To relate in broad terms the conceptions of function and performance to organizational and procedural alternatives. The paper would discuss the roles and relationships of the DCI; the NSC; the Intelligence Coordination Staffs, Committees, and Processes; and policymakers.

Research Methodology: review of literature on intelligence functions (Evans, Hilsman, Wilensky, Kent, Graham, etc.) interviews with selected intelligence producers and collectors (active and retired), policymaking consumers and military service consumers.

Anticipated length: 20-30 pages

Deadline for submission (in draft): September 9, 1974

Paper #2, INTELLIGENCE AND POLICYMAKING IN THE INSTITUTIONAL CONTEXTAuthor: William J. BarndsCommentator: to be determined

Purpose: This paper would relate the concepts of intelligence and the broad organizational and procedural alternatives (addressed in Paper #1) to the institutional mechanisms and practices of the Intelligence community. It would seek to address such questions as the following:

- If many of the demands of key consumers cannot be met, and if much of intelligence production is not read by the intended recipients, are there organizational implications?

Approved For Release 2004/04/19 : CIA-RDP80M01133A001000050009-4

- What is the need for mutual education of intelligence and policy officials?
- For the determination of production requirements and the process of analysis (estimative, current, and basic)?
- What should be done about the present intelligence requirements staffs?
- Can the intelligence system be reformed to provide more relevant, responsive products to consumer groups (more carefully differentiated) without compromising the independence or integrity of the intelligence analysts?
- How can analysts best be encouraged to initiate new intelligence products which are helpful to consumers?
- How can top quality analysts be retained and recruited for intelligence work?
- What are the responsibilities of policymakers to intelligence officers?

This paper would examine the role and performance of the NSC Intelligence Committee and other mechanisms for getting the consumers' points of view across to the intelligence community. It would also address the role of competition and coordination in intelligence analysis: in what areas is analytical duplication useful or counterproductive?

literature and
Research Methodology: Review of relevant/intensive interviews with intelligence producers, consumers, and other observers (below the level of the DCI or SecDef). All organization charts and descriptive reference material will be included in a detailed, classified appendix.

Anticipated length: 50-75 pages

Deadline for submission (in draft): September 27, 1974

✓ Paper #3, INNOVATION IN INTELLIGENCE PRODUCTION

✓ Author, Part I: Clinton W. Kelly, III

Commentator, Part I: Dr. Thomas Brown, Associate Head (Mathematics), The RAND Corp. ILLEGIB

✓ Author, Part II: to be determined

✓ Commentator, Part II: to be determined

Part I: This paper would summarize work on probabilistic forecasting and scoring techniques to evaluate intelligence products and forecaster performance. Examples of experimental intelligence products would be included as a classified annex. The paper would differentiate between those topics which are particularly susceptible to quantitative analysis and those which are not.

Anticipated length: 30-40 pages

Deadline for submission (in draft): September 9, 1974

Part II: This paper would discuss new fields for intelligence research, such as environmental issues, certain aspects of economic intelligence (food production, climate forecasts, population studies, marine resources, etc.), international terrorism, and narcotics control. The paper would consider new consumers for intelligence support, not only within the U.S. Government but in international organizations such as the UN. The paper would also assess innovations in information processing, real-time consumer access, and alternative paradigms of analysis.

Anticipated length: 50-60 pages

Deadline for submission (in draft): September 9, 1974

Research Methodology: For Part I, revision of prior research. For Part II, interviews with methodology experts at the Center for Analytical Methodology, CIA, IC Staff, CCI, OPR, OSR, OER, OSD/NAG, etc. Both Parts I and II will be written on an unclassified basis, with classified appendices as necessary.

Deadline for submission (in draft): September 9, 1974

Paper #4, AUTHORITY FOR THE CONDUCT AND MANAGEMENT OF FOREIGN INTELLIGENCE

Author: William R. Harris

Commentator #1: John T. Elliff, Brandeis University

Commentator #2: General Counsel, CIA

Purpose: This paper would discuss the constitutional and statutory base for foreign intelligence, with explicit reference to the National Security Act of 1947, the CIA Act of 1949, and the full range of NSC Intelligence Directives. The paper would address: the authority of the DCI and the IC Staff; the role of the President and Congress in delegating authority to collect intelligence information; the adequacy of the present authority for the conduct of covert operations

by the CIA and the DoD; the authority to collect information within the US; the authority to release information of commercial value; the authority to collect and disseminate information on international organizations and multinational corporations; the authority to exchange information with foreign governments; and the authority to protect intelligence sources and methods from unauthorized disclosure. The paper would suggest alternative approaches and discuss the pros and cons of recommending statutory reforms.

Research Methodology: This paper will be unclassified, though NSCIDs may be included as a classified appendix. Research will use public laws, Guide to CIA Statutes and Laws, legal commentaries, interviews with general counsels, and others involved in review of present authority.

Anticipated length: 40-60 pages

Deadline for submission (in draft): *Oct 15* September 9, 1974

Paper #5, INTELLIGENCE RESOURCE MANAGEMENT

Author: Robert Macy

Commentator:

Purpose: This paper should address not only questions of efficient resource allocation but also the capacity of the DCI and others to make appropriate decisions and to manage resources appropriated to other agencies. The stress would be on these programs run by the Secretary of Defense on behalf of the national intelligence effort. The paper would examine the role of the Intelligence Resources Advisory Committee and the other committees that coordinate expensive and sensitive collections programs. What role should be played by OMB, the DCI, the IC Staff, PFIAB, and Congress? Is it practical to expect the DCI to exercise greater authority over the annual budget of the intelligence community and to set long range planning goals? Since the overwhelming share of the combined intelligence budget is expended by DoD agencies, with practical constraints upon intervention by the DCI or his IC Staff, what are the implications for the reorganization of DoD intelligence management? If there are systematic misallocations of resources, are there organizational or legislative reforms which are advisable? Alternative techniques for budgetary review of intelligence activities will be discussed. Alternative roles for intelligence consumers in determining intelligence expenditures or consumer-agency funds for acquisition of special intelligence products will be considered.

Research Methodology: review of relevant literature (Marchetti/Marks, etc.); interviews with budget specialists in DoD, IC Staff, OMB, and IRAC.

Anticipated length: 30-50 pages (with classified appendix discussing specific budget figures)

Deadline for submission (in draft): September 9, 1974

Paper #6, CLANDESTINE OPERATIONS AND COVERT ACTION

Author: to be determined

Commentator: to be determined

Purpose: This paper will discuss the pros and cons of maintaining a capability for covert action, and the criteria which ought to govern its use. The paper will explore the relationship between covert action and human intelligence collection in terms of cover, coordination, personnel, management, and control. The paper will address problems of command and control inherent in highly compartmented operations, and it will examine carefully the review process of the 40 Committee and other oversight groups.

Research Methodology: Review of the extensive (largely critical) literature on clandestine operations; interviews with DoD hierarchy as available. Emphasis on organization and procedure, rather than on any specific operations. Paper to be unclassified, but may contain classified annex.

Anticipated length: 40-60 pages

Deadline for submission (in draft): September 9, 1974

TAB B

All Source Study

Study Purpose. An "all source" study project will be mounted to prepare a limited access report of perhaps 30-50 pages of analysis, without recommendation, of past studies and reports on the intelligence community. Requests for interviews, documents, written questions and possibly for reasonable staff assistance may be made to the DCI. As with the complementary Analytical Issue Papers on Intelligence, the "All Source " project will be designed for the sole purpose of assisting the Study Group in arriving at findings and recommendations for review by the Commission.

Methodology. The Commission, with the assistance of the DCI, would obtain copies of a limited number of previous reports to be stored in the PFIAB vault. The Intelligence Project Director and a staff officer would carry out a number of interviews in order to judge the effectiveness of these studies and reforms and present an analysis of the critical elements for Study Group review.

Timing. Study to be completed by October 1.

TAB

2025 M STREET, N.W.
WASHINGTON, D.C. 20506

August 7, 1974

STATINTL

MEMORANDUM FOR:

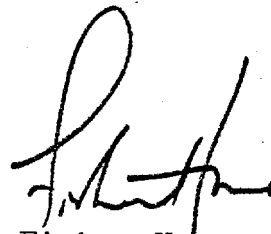
Intelligence Community Staff
Central Intelligence Agency

As you requested, I am providing information on our major research projects in progress, since some investigators working on these Studies may need to interview individuals in the Intelligence Community. You understand that these Studies, and therefore the interviews, are not related in any way to the Study Plan for the Intelligence Community about which we are separately in touch.

The projects are outlined in the State Department memoranda signed by William Galloway. The names included in the four memoranda have had a "name check" and have been granted a temporary SECRET clearance, unless they already hold a permanent clearance as indicated. The draft memorandum on the project on The Interaction of the United States and Foreign Economies will be sent by Galloway as soon as all name checks are completed. However, all those listed, except Edward Hamilton, Edward Skloot and Linda S. Graebner, have already been cleared.

Finally, a copy of the proposal for Alexander George's Study on Minimizing "Irrationality" in Foreign Policy-making is included for your use. As I mentioned to you, Professor George has a current RAND clearance through SECRET.

Thank you very much for your help.



Fisher Howe
Deputy Executive Director

Enclosures

P.S. William Bacchus is overseeing this project and he or I would want to assist further in any way we can in Tom Reckford's absence.

DEPUTY UNDER SECRETARY OF STATE
FOR MANAGEMENT

Approved For Release 2004/04/19 : CIA-RDP80M01133A001000050009-4

July 17, 1974

204175

MEMORANDUM

To: M/DG - Ambassador Davis
S/P - Mr. Lord
INR - Mr. Hyland
EB - Mr. Enders
S/S - Mr. Springsteen

Subject: Study on "The Effectiveness of Organizational Change" undertaken for the Commission on the Organization of the Government for the Conduct of Foreign Policy

Introduction and General Background

The National Academy for Public Administration, a non-profit organization of scholars and practitioners, Roy W. Crawley, Executive Director, is undertaking a major study under contract from the Commission on the Organization of the Government for the Conduct of Foreign Policy. The study will examine a number of attempts to reorganize various parts of the foreign affairs community in the past two decades, with the goal of better understanding the actual effects of such changes and the factors which account for those effects, anticipated and unexpected. This knowledge should help make it possible for the Commission to develop recommendations which are both informed by past experience and which can stand the test of practicality. This study is one of a number being conducted for the Commission, all of which will be used as background for its report.

Timing and Format:

This topic will be pursued through a number of case studies, under the general direction of a panel of experts which includes Amb. Edmund Gullion, Harold Seidman, Frederick C. Mosher, Warren Bennis, James W. Fesler, Wayne K. Thompson, and I. M. Destler. The cases and the investigators selected to date are:

Manlio De Angelis, "The Transition from ICA
to AID"

Leland Barrows, "The Peterson/Hannah AID
Reform Proposals"

Chester A. Crocker, "Changes in the N.S.C.
System - 1961 and 1969"

William T. McDonald, "The Wristonization Program"

William T. McDonald, "The Herter Committee Report
and its Consequences"

Erasmus Kloman, "The Evolving Role of the U.S.
Ambassador"

Dominick Del Guidice, "The Creation of the Council
on Foreign Economic Policy
(C.I.E.P.)"

Michael Harmon, "The Creation of the Arms Control
and Disarmament Agency (A.C.D.A.)"

Melbourne Spector, "Policy Planning - Improvement
Attempts"

A number of these projects will require consultation with officers of the Department who will be contacted between now and mid-September. It is anticipated that it will be possible for the investigators to obtain all the information they require on an unclassified basis, and the Commission intends that the report they prepare will be unclassified.

Contacts

The panel secretary and National Academy coordinator for the project is Melbourne Spector, telephone 659-9165. The Executive Director, Roy Crawley, may be reached at the same number. The Commission's project officer for the study is Dr. William I. Bacchus, telephone 254-9850.

William J. Galloway
William J. Galloway
Executive Assistant